

United States House of Representatives
Committee on Financial Services
2129 Rayburn House Office Building
Washington, DC 20515

April 1, 2009

The Honorable Ben S. Bernanke
Chairman
Board of Governors of the
Federal Reserve System
Washington, DC 20551

Dear Mr. Chairman:

I'm enclosing two letters which I received from the senior Republican on the Financial Services Committee, Mr. Bachus. There were two letters because there was apparently some confusion in communication between him and his staff as to whether or not he wanted to request a hearing right away. That is why I received a second letter amending his first letter.

I do not know what basis there is for the point he makes, but it is a serious issue and must be addressed. Clearly, any discrimination against American owned financial institutions compared to the treatment being received by foreign owned institutions would be unacceptable to the Congress, and I believe to the American public. I understand the importance of honoring foreign obligations because of the need for us to continue to receive a flow of foreign investment. But differential treatment in favor of foreign investors does not seem to me to have any basis whatsoever in the law, in policy, and certainly not in the need for a public acceptance of your actions. I therefore ask you to look into this situation thoroughly. If indeed there are cases where this is happening, then I believe a hearing before the Committee would be appropriate, unless the actions in question, should they exist, were promptly remedied.


BARNEY FRANK

Attachment

United States House of Representatives
Committee on Financial Services
2129 Rayburn House Office Building
Washington, DC 20515

April 1, 2009

The Honorable Timothy Geithner
Secretary
Department of the Treasury
1500 Pennsylvania Avenue
Washington, DC 20220

Dear Mr. Secretary:

I'm enclosing two letters which I received from the senior Republican on the Financial Services Committee, Mr. Bachus. There were two letters because there was apparently some confusion in communication between him and his staff as to whether or not he wanted to request a hearing right away. That is why I received a second letter amending his first letter.

I do not know what basis there is for the point he makes, but it is a serious issue and must be addressed. Clearly, any discrimination against American-owned financial institutions compared to the treatment being received by foreign owned institutions would be unacceptable to the Congress, and I believe to the American public. I understand the importance of honoring foreign obligations because of the need for us to continue to receive a flow of foreign investment. But differential treatment in favor of foreign investors does not seem to me to have any basis whatsoever in the law, in policy, and certainly not in the need for a public acceptance of your actions. I therefore ask you to look into this situation thoroughly. If indeed there are cases where this is happening, then I believe a hearing before the Committee would be appropriate, unless the actions in question, should they exist, were promptly remedied.


BARNEY FRANK

Attachments

United States House of Representatives
Committee on Financial Services

2129 Rayburn House Office Building
Washington, DC 20515

March 26, 2009

The Honorable Barney Frank
Chairman
Committee on Financial Services
United States House of Representatives
2129 Rayburn House Office Building
Washington, D.C. 20510

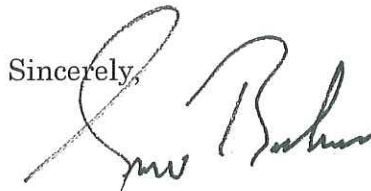
Dear Mr. Chairman:

Thank you for expressing your willingness to look into the circumstances surrounding the American International Group's payment to its counterparties.

I wanted to clarify my position that the best mechanism for conducting this review would be at a full committee hearing.

Thank you for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "Spencer Bachus", written over the word "Sincerely,".

SPENCER BACHUS
Ranking Member

United States House of Representatives
Committee on Financial Services

2129 Rayburn House Office Building
Washington, DC 20515

March 25, 2009

The Honorable Barney Frank
Chairman
Committee on Financial Services
United States House of Representatives
2129 Rayburn House Office Building
Washington, D.C. 20510

Dear Mr. Chairman:

As you are aware, a list was recently published setting forth the identity of the counterparties that the American International Group, using American taxpayer money, funded. This list shows that a majority of the approximately \$100 billion of U.S. taxpayer money was paid to foreign banks. For example, French and German banks alone received almost \$40 billion.

Published reports indicate that none of these counterparties was asked to reduce the sum it received by any amount whatsoever. This was confirmed by Treasury Secretary Geithner at the Committee's March 24th hearing, when he acknowledged in response to my questions that AIG "fully met its obligations" to foreign entities.

I have been informed that, in contrast with its treatment of foreign banks, AIG is now attempting to force many of its creditors that are U.S. banks to accept severe reductions in the debt owed to them. I am told in some cases that these U.S. banks are being asked to accept reductions of over 70% of the total debt owed to them.

This disparity in treatment between foreign banks and U.S. banks is troubling, particularly since the U.S. banks now being asked to take such reductions are some of the very taxpayers that have been funding AIG.

In addition to the clear inequity involved, this conduct obviously runs counter to our efforts to stimulate credit in the U.S. economy through bank lending.

Thus, I would hope that the Committee would look into this disparate conduct and determine the facts in more detail.

Sincerely,



SPENCER BACHUS
Ranking Member

cc: The Honorable Timothy Geithner
The Honorable Ben Bernanke
Mr. Edward Liddy